

CONTEMPORARY FURNITURE MANUFACTURER BENEFITS FROM
R&D TAX CREDITS

ABOUT DESIRON. DESIRON produces eco-friendly, American-made home furnishings. President and Creative Director Frank Carfano founded the company in 1997. A third-generation ironsmith whose family emigrated to the East Coast from Turino, Italy, in 1921, Carfano studied at La Sorbonne and L'Ecole des Beaux Arts before pursuing a career on Wall Street. He decided to marry his business savvy with his passion for artisanal craftsmanship to create DESIRON, selling over \$1 million of the company's signature product after its debut year. Based in Kenilworth, New Jersey, DESIRON has around 40 employees.

THE CHALLENGE. A few years ago, Carfano called the New Jersey Manufacturing Extension Program (NJMEP), a NIST MEP affiliate, to hear more about its programs and services. NJMEP Account Manager Bob Salamone met with Carfano and scheduled a follow-up meeting to conduct a complimentary assessment. Being a former Wall Streeter, Carfano was particularly interested in learning more about the R&D Tax Credit, a general business tax credit for companies that incur research and development (R&D) costs in the United States. The R&D Tax Credit became a permanent tax credit that leaves businesses with more money to use for investments and hiring as part of the Protecting Americans from Tax Hikes Act (PATH) of 2015. Although manufacturers in the United States perform more than three-quarters of all private-sector R&D in the nation, many do not know about the tax credit. Salamone explained to Carfano that because new designs were critical to the company's success, DESIRON was a perfect candidate for the credit.

MEP CENTER'S ROLE. NJMEP's R&D Tax Credit expert met with Carfano to explain the credit in more detail and outline what would need to happen for DESIRON to take advantage of it. As part of the Research & Development Qualified Research Analysis & Tax Credit Estimate, NJMEP identified qualifying research and development activities. Next, the financial group determined all qualifying expenses (wages, supply expenses, and contract expenses) attributable to the identified research efforts. NJMEP supplied financial papers to DESIRON in a preliminary form for the company to review and use in filing Federal and State tax returns. Once approved, NJMEP delivered a final R&D Tax Credit Study to the company, indicating substantial cost savings and additional funds for re-investment.

"As a manufacturer of contemporary furniture, we invest a great deal of time designing new products, researching new materials, and testing materials on designs. The research that NJMEP provided identified many areas of our business that meet the requirements to qualify for R&D tax credits. As a result, we have improved cash flow and have been able to reinvest in the company and its employees."

-Frank Carfano, Owner

RESULTS



Cost savings of **\$50,000**



Additional **\$75,000** available to invest in new processes and practices

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